

1 Q You didn't ask?

2 A No, I didn't ask.

3 MS. ROBINSON: At this point, Your Honor, I'd  
4 like to move Peaches 17 and 18 into evidence.

5 JUDGE LUTON: Any objections?

6 MR. HALAGAO: Your Honor, Ms. Rothschild is  
7 no longer a party to the application and I would not  
8 have any objection to possibly, 17, but I didn't know  
9 about 18, Your Honor. I feel like it's no longer  
10 necessary, since Ms. Rothschild's no longer --

11 JUDGE LUTON: Why is 18 relevant to anything?

12 MS. ROBINSON: Well, actually, it goes to her  
13 knowledge regarding the --

14 JUDGE LUTON: Whose?

15 MS. ROBINSON: Ms. Morgan's knowledge  
16 regarding the broadcast investment activities of her  
17 potential partner in this matter.

18 JUDGE LUTON: It doesn't mean a thing. I'm  
19 going to sustain the objection to 18 and receive 17.

20 (The document heretofore  
21 marked Peaches Exhibit No. 17  
22 for identification was  
23 received into evidence.)  
24  
25

1                               (The document heretofore  
2                               marked Peaches Exhibit No. 18  
3                               for identification was  
4                               rejected from evidence.)

5                               BY MS. ROBINSON:

6                               Q     Ms. Morgan, Serrano and Newton, they prepared  
7                               your application, is that right?

8                               A     Yes, they helped me with that.

9                               Q     And they put you in touch with Mr. Knobel?

10                              A     Yes, they did.

11                              Q     They're still on retainer with you?

12                              A     Mr. Serrano has been paid. Mr. Newton is  
13                              working on a contingency basis.

14                              Q     Are they attorneys, either one of them?

15                              A     No, they are not. Mr. Halagao is my  
16                              attorney.

17                              Q     No, are they attorneys, not your attorneys,  
18                              but?

19                              A     No.

20                              Q     And Serrano listed his address as the  
21                              applicant's address for service, is that right?

22                              A     Yes.

23                              MS. ROBINSON: I'd like to have marked for  
24                              identification Peaches 19 and Peaches 20.

25

1 (The documents referred to  
2 above were marked Peaches  
3 Exhibits No. 19 and 20 for  
4 identification.)

5 BY MS. ROBINSON:

6 Q Have you had a chance to look at those, Ms.  
7 Morgan?

8 A Yes.

9 JUDGE LUTON: Would you describe, to some  
10 extent, the documents that you want marked and the  
11 numbers you want placed on them?

12 MS. ROBINSON: Peaches Exhibit 19 is a notice  
13 of appearance by Joyce Morgan on behalf of JEM  
14 Productions. It's a three-page document, signed by  
15 Salvador Serrano.

16 Peaches 20 is a fee processing form, first  
17 page.

18 BY MS. ROBINSON:

19 Q So, Ms. Morgan, you've had a chance to look  
20 over them?

21 A Yes, I have.

22 Q And the Peaches 20, which is a fee processing  
23 form, it does show that Mr. Serrano is the person whose  
24 address is listed for the service of process?

25 A Yes, it does.

1           Q     And he's also the signature on the last page  
2 of Peaches 19, the notice of appearance?

3           A     Yes, it is.

4           Q     Whose idea was the original equity  
5 percentage?

6           A     Whose idea was that?

7           MR. HALAGAO:   Excuse me, Your Honor.   Was it  
8 received?

9           MS. ROBINSON:   No, I'm not ready to have it  
10 received.

11          MR. HALAGAO:   We are going to another  
12 question now?

13          BY MS. ROBINSON:

14          Q     The original equity structure?

15          A     The original equity structure came about,  
16 basically through my talks with George.   Because, as my  
17 consultant and the one who introduced the whole process  
18 to me, I had no idea of exactly how to set it up or  
19 what should be where and what should be done and he  
20 assisted me with that and coming up with the totals.

21          Q     Who was the this again, I'm sorry.

22          A     George Newton.

23          Q     And whose idea was it to incorporate it into  
24 Delaware, to incorporate the partnership?

25          A     Well, that goes along with the whole idea of

1 the consultant, because of the fact that I had no idea  
2 of how to do most of this. He also helped me with  
3 that. And I talked with Peter Knobel as well about  
4 where and how to set up.

5 MS. ROBINSON: Your Honor, at this time I  
6 would like to move Peaches 19 and 20 into evidence.

7 JUDGE LUTON: Any objections to either?

8 MR. HALAGAO: Yes, Your Honor. I would like  
9 to ask the relevancy of the exhibits here. Ms. Morgan  
10 has indicated that she agrees with this and I think  
11 it's already on the record that she agrees on this one.  
12 So I don't know if you would like to have more  
13 documents in the record, Your Honor. So I would like  
14 to object. I don't mind it come in, but I think Ms.  
15 Morgan has indicated that she already agree to this  
16 documents.

17 JUDGE LUTON: Then it ought not to be  
18 objectionable. The objections are overruled. Nineteen  
19 and 20 are received.

20 (The documents heretofore  
21 marked Peaches Exhibits No. 19  
22 and 20 for identification were  
23 received into evidence.)

24 JUDGE LUTON: Henceforth, would you offer  
25 them singly, one at a time, so we can deal with that

1           one at a time instead of in twos?

2                   MS. ROBINSON: No problem, Your Honor.

3                   MS. ROBINSON: I'd also like to have marked  
4 Peaches Exhibit 21.

5                                   (The document referred to  
6                                   above was marked Peaches  
7                                   Exhibit No. 21 for  
8                                   identification.)

9                   BY MS. ROBINSON:

10           Q     Ms. Morgan, do you recognize this document?

11           A     Yes, I do.

12           Q     Okay. Was this the original limited partner  
13 agreement?

14           A     Yes, it is.

15           Q     Okay. And how did it come into being?

16           A     What prompted it?

17           Q     The creation of it, yes.

18           A     Because I was applying for a license for a  
19 radio station.

20           Q     And you were interested in having the people  
21 listed as partners?

22           A     Exactly.

23           Q     And who prepared it?

24           A     George Newton.

25           Q     Did you have a lawyer look at it?

1           A     No, I did not.

2           Q     Did you read it?

3           A     Yes, I did.

4           Q     There was a provision in here, well,  
5     actually, there was -- I'll rephrase that -- were you  
6     aware that in this agreement, Knobel wouldn't be barred  
7     from day to day communication with you, that Knobel  
8     wouldn't be insulated, an insulated partner in this  
9     agreement?

10           MR. HALAGAO:  Objection, Your Honor.  I would  
11     like Ms. Morgan to at least see what provision the  
12     partnership agreement.

13           MS. ROBINSON:  Well, actually, Your Honor,  
14     I'm acknowledging an omission in the agreement relating  
15     to --

16           JUDGE LUTON:  That's kind of hard to point  
17     out.

18           MS. ROBINSON:  I didn't ask her to point it  
19     out.

20           JUDGE LUTON:  I think maybe you need to put  
21     your question differently.

22           BY MS. ROBINSON:

23           Q     Okay.  Based upon your understanding of this  
24     document, Ms. Morgan, would your partner, Mr. Knobel,  
25     have the right to communicate with you on the day to

1 day activities of prosecuting this?

2 A On prosecuting it?

3 Q Yes.

4 A No.

5 Q He would not?

6 A No.

7 Q He does not have that right?

8 A No, he doesn't.

9 Q Okay. It is correct to say that this  
10 agreement doesn't provide any information to that  
11 effect?

12 A I don't know.

13 Q You don't know that --

14 A I mean, I really don't understand what you're  
15 talking -- asking me and I don't know other than the  
16 fact -- I don't know.

17 JUDGE LUTON: She's asking you whether you  
18 can find in that agreement a prohibition against day to  
19 day communications with your limited partner, Mr.  
20 Knobel?

21 THE WITNESS: In other words, you want me to  
22 go through it now and see if I can find that?

23 BY MS. ROBINSON:

24 Q Well, either now or perhaps before you signed  
25 it, you might have --



1           A     You know, I read that. This was two years  
2 ago and at this point, right here at this moment, I can  
3 not sit here and tell you that. So I can't answer your  
4 questions.

5           Q     So you're not sure whether or not a provision  
6 is contained in here which bars --

7                     JUDGE LUTON: She doesn't know.

8                     MS. ROBINSON: You don't know?

9                     JUDGE LUTON: She doesn't know.

10                    BY MS. ROBINSON:

11           Q     Did you ask to get any of these provisions  
12 changed when --

13           A     In this particular agreement? No, I did not.

14                    MS. ROBINSON: At this point, I'd like to  
15 move Peaches 21 into evidence.

16                    JUDGE LUTON: Any objection to 21?

17                             (No response)

18                    JUDGE LUTON: It's received.

19                             (The document heretofore  
20 marked Peaches Exhibit No. 21  
21 for identification was  
22 received into evidence.)

23                    MS. ROBINSON: I'd like to have marked for  
24 identification Peaches 22, certificate of limited  
25 partnership of JEM Productions.

1 (The document referred to  
2 above was marked Peaches  
3 Exhibit No. 22 for  
4 identification.)

5 BY MS. ROBINSON:

6 Q Ms. Morgan, the first partnership agreement  
7 was signed on November 4th, 1989. Is that correct?

8 A That is correct when I signed it.

9 Q And after you signed the agreement, you  
10 instructed Mr. Knobel to file the agreement, is that  
11 correct?

12 A That is correct.

13 Q He filed the agreement after April 25th,  
14 1989? Is that correct.

15 A No, that is not correct. It was filed April  
16 9th.

17 Q Of what year?

18 A 1991.

19 Q Okay. April 9th, 1991. And that was per  
20 your instructions?

21 A No, that wasn't per my instructions. My  
22 instructions were to file it immediately.

23 Q In '89?

24 A In '89.

25 Q And he file it on April 25, 1991?

1           A     That is correct.

2           Q     Are you familiar with the law firm Battle  
3     Fowler?

4           A     Yes, I am.

5           Q     And have you ever hired them for any purpose?

6           A     Not personally. It is not my firm. It is  
7     Peter Knobel's law firm.

8           Q     Have they done work for the partnership?

9           A     Yes, they have.

10          Q     Have you paid them?

11          A     No, I have not.

12          Q     Has Mr. Knobel paid them?

13          A     No, he has not.

14          Q     Is Mr. Knobel's loan to you a secured loan or  
15     unsecured loan?

16          A     His loan for what?

17          Q     For the partnership?

18          A     For the partnership?

19          Q     Yes.

20          A     It's unsecured.

21          Q     Okay. Now, there was an amount of \$250,000  
22     pledged to construct the station. Is that correct?

23          A     That is correct.

24          Q     Okay. That was to construct but not  
25     prosecute. Is that correct?

1           A     That's correct.

2           Q     Is there a pledge of funds to prosecute?

3           A     Yes, there is.

4           Q     Okay, I'd like to -- oh, I won't be moving  
5     Peaches 22 into evidence.

6                     Getting back to your original partnership  
7     agreement, Page Three, the bottom of the page under  
8     seven, initial capital contributions. There's an  
9     amount of \$250,000 noted as initial capital  
10    contribution.

11                    However, on Page Four of that same document,  
12    there's the same amount listed as a loan. Are you  
13    following me?

14          A     Yes.

15          Q     Okay. Could you tell me which of the  
16    characterizations would be proper. Is it a loan or --

17          A     It's a loan.

18          Q     It is a loan. Are there two \$250,000 sums  
19    pledged or only one?

20          A     One.

21          Q     And at your deposition, you testified you are  
22    obligated to pay \$75,000 in prosecution expenses, is  
23    that correct?

24          A     I think what was going on with that was  
25    basically if it was necessary to pay that much, if it

1           went that high, then it would be paid.

2           Q     By you?

3           A     No, no, no. If I had to. In other words,  
4           all I have to do is pick up the telephone and call  
5           Peter Knobel and the money will be paid. If I had to.  
6           I mean, it's whatever is necessary.

7           Q     But what amount did you pledge? What amount  
8           would you contribute to that?

9           A     What is necessary.

10          Q     Is there any range or --

11          A     For me?

12          Q     Right, pledged by you.

13          A     No, I don't think so.

14          Q     So, whatever amount is necessary, you will be  
15          able to provide?

16          A     I suppose so.

17          Q     Do you know who owns Baylan Communications?

18          A     Peter Knobel.

19          Q     Is he sole owner?

20          A     Yes, he is.

21          Q     Okay. And he's actually your limited partner  
22          now?

23          A     Yes, he is.

24          Q     Okay. When did Ms. Rothschild resign from  
25          the partnership structure?

1           A     It was either late April, early May, around  
2           that time. I'm not sure of the exact date at this  
3           point.

4           Q     I'd like to direct your attention to a  
5           document which may help you with the date.

6                     Do you know whether Mr. Newton arranged for  
7           Ms. Rothschild to pull out?

8           A     Arranged it?

9           Q     Arranged for her to pull out of the --

10          A     I don't know what you mean, arrange.

11          Q     Did he facilitate her removal or her exit  
12          from the partnership?

13          A     Do you mean did he ask her to leave the  
14          partnership? I don't understand what you mean,  
15          arrange.

16          Q     Did he have any role, to your knowledge, of  
17          her --

18          A     Wanting to leave. Is that what you're  
19          saying?

20          Q     Exactly.

21          A     To my knowledge, no. It was her decision.

22          Q     All right. And upon her resignation, there  
23          was a restructuring of the equity interest, is that  
24          correct?

25          A     Yes.

1           Q     Do you know who it was that -- I'll backtrack  
2     -- did you renegotiate that structure at all?

3           A     Yes.

4           Q     Who were involved in the structure of that?

5           A     Absolutely.

6           MS. ROBINSON: I'd like to have marked for  
7     identification Peaches 23, which is agreement of  
8     limited partnership of JEM Productions.

9                                 (The document referred to  
10                                above was marked Peaches  
11                               Exhibit No. 23 for  
12                               identification.)

13          BY MS. ROBINSON:

14          Q     Okay, Ms. Morgan. Paragraph 8.3 of that  
15     document. I'd like you to review it for a moment.

16                 What is your understanding of that particular  
17     provision?

18                 JUDGE LUTON: Ms. Robinson, you should go  
19     through the formality of asking whether she's seen the  
20     document before, does she know what it is --

21                 MS. ROBINSON: I'm sorry, Your Honor.

22                 JUDGE LUTON: -- before you ask her what it  
23     means.

24          BY MS. ROBINSON:

25          Q     Ms. Morgan, have you ever seen this document?

1           A     Yes, I have.

2           Q     Do you recall signing the entirety of this  
3 document?

4           A     Yes, I do.

5           Q     Okay. Now, do you understand the provisions  
6 that I referred to in this document?

7           A     You were talking about all of 8.3?

8           Q     Eight point three, three. There's five sub  
9 provisions.

10           MR. HALAGAO: Objection, Your Honor. Could  
11 you, Ms. Robinson, could you be more specific?

12           JUDGE LUTON: Please address the comments to  
13 me. Don't get into a private conversation with  
14 counsel.

15           MR. HALAGAO: I'm sorry, Your Honor. Your  
16 Honor, an objection on the question. The question is  
17 very general and vague for 8.3. Eight point three --

18           JUDGE LUTON: Eight point three provides for  
19 a lot, so I think your question could be asked with  
20 more precision.

21           MS. ROBINSON: No problem, Your Honor.  
22 Actually, I'll just read the pertinent provision, if  
23 that's okay.

24                     It relates to termination of general partner.  
25 And, upon the first to occur of the following events,



1 each a terminating event, sub provision 3 states that  
2 if the partnership suffers two consecutive fiscal  
3 quarters of operating losses on the financial  
4 statements referred to in Section 2.B(1) or (2).

5 BY MS. ROBINSON:

6 Q My question to Ms. Morgan is what is her  
7 understanding of that particular provision?

8 A What is my understanding of it? Well, it  
9 says if the partnership suffers two consecutive fiscal  
10 quarters of operating losses, that is one of the  
11 provisions that this section 8.3 says is a termination  
12 of a general partner.

13 Q So, in essence, if the station suffers a loss  
14 of two quarters, you could be removed. Is that correct  
15 according to the terms?

16 A Well, according to this term.

17 Q According to this term, which is a binding  
18 term. Is that correct?

19 A Yes.

20 Q Okay. And at your deposition, you mentioned  
21 that the station perhaps may not turn a profit for a  
22 year?

23 A That could be possible.

24 Q Do you recall stating that?

25 A Yeah, I recall it.

1           Q     Okay. So if that's the case, then, it is a  
2 fact that the limited partner can move you if that  
3 happens?

4           A     That could be the case. I doubt it very  
5 seriously.

6           Q     Okay. But in any event, according to this  
7 document --

8           JUDGE LUTON: You've already got this and I'm  
9 assuming you're going to introduce this into evidence,  
10 right. There's no need to hammer away at this? It  
11 tends to be argumentative.

12           MS. ROBINSON: No problem. No problem. Your  
13 Honor, I'd like to offer Peaches number 23 into  
14 evidence.

15           JUDGE LUTON: Any objections?

16           MR. HALAGAO: No objection, Your Honor.

17           JUDGE LUTON: Twenty-three is received.

18                     (The document heretofore  
19                     marked Peaches Exhibit No. 23  
20                     for identification was  
21                     received into evidence.)

22           BY MS. ROBINSON:

23           Q     Who owns the site that was listed in your  
24 application, do you know? The site for your  
25 engineering tower?

1           A     The engineering tower?

2           Q     Yes.

3           A     The one that we're going to piggy back on?

4           Gregory Parich.

5           Q     Okay. And did you negotiate the lease  
6           agreement with him?

7           A     Not totally. I just simply talked with him  
8           on the telephone about whether or not it would all  
9           right to use the tower, to which he said yes.

10                     In my deposition, I talked about numbers that  
11           I had written down on a piece of paper when I talked  
12           with him, but I could not remember if that, in fact,  
13           was what we had talked about being the actual terms of  
14           the agreement or it that was to be decided once a  
15           license was granted.

16           Q     So, you're saying you didn't negotiate the  
17           lease with him?

18           A     I don't know if it was terms. I negotiated  
19           definitely the use of it, the lease itself. But terms  
20           of the lease, I do not remember the exact terms because  
21           first of all, it hasn't been granted, a license has not  
22           been granted.

23           Q     So you haven't gotten any documents from him  
24           granting permission to use it?

25           A     Permission over the telephone, yes.

1 Q But no written documents?

2 A No written documents.

3 Q There is a budget for the station. Is that  
4 correct?

5 A That is correct.

6 Q Okay. And Mr. Newton prepared that?

7 A He helped me, yes.

8 Q Now was there a budget for the staff listed  
9 within that overall budget?

10 A No.

11 Q And there was also basically, it was a  
12 generic application?

13 A Yes, it is.

14 Q How long each day will the station be on the  
15 air?

16 A I don't think it will be 24 hours, somewhere  
17 between 12 to 14 to possibly 18.

18 Q Okay, who made that decision?

19 A I did.

20 Q Okay. I'd like to direct your attention to  
21 your list of your, your resume, under Exhibit 2.

22 Under experience, the list of civic  
23 activities. Could you point out the activities that  
24 were not job-related?

25 A The United Way Board of Directors, Public

1 Relations Director for Visions 2005, Jacksonville Urban  
2 League Auxiliary, NAACP Alpha Kappa Alpha Sorority.

3 Q They were not job related?

4 A No.

5 Q All right.

6 MS. ROBINSON: I have no further questions,  
7 Your Honor.

8 JUDGE LUTON: All right. Additional cross?

9 MR. WINSTON: Yes, Your Honor.

10 JUDGE LUTON: Before you start, let's take a  
11 ten-minute recess.

12 Off the record.

13 (Discussion off the record.)

14 JUDGE LUTON: On the record. Let's proceed  
15 with the examination by Northeast Florida.

16 MR. WINSTON: Okay.

17 CROSS EXAMINATION

18 BY MR. WINSTON:

19 Q Ms. Morgan, my name is James Winston. I'll  
20 be questioning you on behalf of Northeast Florida  
21 Broadcasting Corp.

22 Ms. Morgan, who is the limited partner in JEM  
23 Productions Limited Partnership?

24 A Peter Knobel.

25 Q What is Baylan Communications, Inc.?

1           A     That is his communications company?

2           Q     Is it not correct that in your limited  
3 partnership agreement when you refer to Peaches Exhibit  
4 number 23, the first page of that exhibit which was  
5 received earlier. It identifies the limited partner as  
6 being Baylan Communications, Inc.?

7           A     Twenty-three. Peaches 23.

8           Q     Yes, the first page, the very first  
9 paragraph.

10          A     My 23 says assignment of partnership  
11 interest. What does your 23 say?

12          Q     Do I have the numbers wrong?

13          A     All of mine are not numbered.

14          Q     For accuracy of the record, I have as  
15 identified Peaches number 23, the agreement of limited  
16 partnership of JEM Productions. Is that Your Honor's  
17 understanding of exhibit number 23?

18                JUDGE LUTON: Yes it is.

19                MR. WINSTON: All right. We're in agreement.  
20 This should be marked for your convenience, Ms. Morgan.

21                BY MR. WINSTON:

22          Q     I direct your attention to the first  
23 paragraph of that document. Does it not state that the  
24 limited partner of JEM Productions Limited Partnership  
25 is Baylan Communications, Inc., a Delaware corporation?

1           A     That's correct.

2           Q     So, your statement that the limited partner  
3 is Pete Knobel is not correct, is it?

4           A     Peter Knobel is Baylan Communications.

5           Q     In your mind there's no distinction between  
6 the two?

7           A     No.

8           Q     Who owns Baylan Communications?

9           A     Peter Knobel.

10          Q     How much of it does he own?

11          A     The entire amount, 100 percent of Baylan.

12          Q     Have you ever seen any corporate documents on  
13 Baylan Communications, Inc.?

14          A     No, I have not.

15          Q     You've never seen the Articles of  
16 Incorporation, Bylaws, no stock information?

17          A     No.

18          Q     You're understanding of Baylan Communications  
19 is derived from what?

20          A     From Peter Knobel.

21          Q     From speaking to him concerning that matter?

22          A     That is correct.

23          Q     Have you ever seen any financial statements  
24 of Baylan Communications, Inc.?

25          A     No, I have not.

1 Q Do you know what business Baylan  
2 Communications, Inc., is in?

3 A Communications.

4 Q Do you know specifically what it does?

5 A No, I don't.

6 Q Does it have any ongoing business?

7 A Does it have what?

8 Q Any ongoing business?

9 A Any ongoing business. Perhaps you mean  
10 Baylan is Peter's company that he basically becomes  
11 limited partners with other folks as -- I guess that's  
12 what you're trying to get at?

13 Q I'm just trying to find out what you know?  
14 Is that what you know?

15 A Yeah, that's all I know.

16 Q So you don't know if it owns any radio  
17 stations?

18 A Not to my knowledge.

19 Q Okay. Is Baylan Communications, Inc. a  
20 limited partner for other applications?

21 A I believe so.

22 Q Other than Baylan Communications, Inc. and  
23 Robin M. Rothschild, have there any other limited  
24 partners in JEM Productions Limited Partnership?

25 A No.



1                   MR. WINSTON: I'd like to have marked as  
2 Northeast Florida Exhibit -- I need your help, Your  
3 Honor, on the number -- I believe it's number 8.

4                   JUDGE LUTON: This would be 8.

5                   MR. WINSTON: Your Honor, I'd like to have  
6 marked as Northeast Florida Exhibit number 8 a one-page  
7 document which is the first page of a document which  
8 says at the top, Exhibit A-2, agreement of limited  
9 partnership of JEM Productions LP.

10                  JUDGE LUTON: It's marked.

11                               (The document referred to  
12                               above was marked Northeast  
13                               Florida Exhibit No. 8 for  
14                               identification.)

15                  BY MR. WINSTON:

16                  Q     Ms. Morgan, I direct your attention to  
17 Northeast Florida Exhibit number 8, which has been  
18 marked for identification and I direct your attention  
19 to the first paragraph of that document.

20                       First of all, if you would look at that page  
21 and see if it appears to be the first page of the  
22 agreement of the limited partnership of JEM Productions  
23 Limited Partnership as of February 26th, 1991?

24                  A     Yes, it does.

25                  Q     You're familiar with that document?